



News Release

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INFRASTRUCTURE RECIPIENTS SCRAMBLE TO FINISH LINE: AUDITOR GENERAL

(TORONTO) A series of infrastructure-stimulus programs worth billions needed more focus on allocating funds to shovel-ready infrastructure projects, Auditor General Jim McCarter says in his *2010 Annual Report*, released today.

“Although the province devoted significant efforts to quickly getting these stimulus programs off the ground, half of the funds were allocated to a small number of large, complex projects that, in most cases, were not shovel ready even though this was a key funding criteria,” McCarter said after tabling his Report.

The federal and Ontario governments announced a series of programs in early 2009 to help the country weather the global economic crisis at that time. Among them were infrastructure-stimulus programs designed to inject funds quickly into the provincial economy and help create or preserve thousands of jobs.

The Annual Report says that tight deadlines built into the programs resulted in government officials being able to spend only a short amount of time assessing proposed project applications with minimal technical input. In one instance, applications worth nearly \$600 million were assessed in four hours. “This haste without technical expertise made it virtually impossible, in our view, to properly conduct the necessary review work,” McCarter added.

In some cases, the Auditor found Ministers’ offices had approved projects about which civil servants had expressed concern, and little documentation was available to show why these approved projects had been awarded.

Among the findings in the Auditor’s Annual Report:

- The original program design indicated that those projects that would spend 50% of their funding in the first year of the two-year programs were to be prioritized. However, less than \$510 million, or only about 16%, of the \$3.1 billion committed funds were able to be spent during the first year to create or preserve an estimated 7,000 jobs out of a total of 44,000 jobs projected to result from the two-year stimulus programs.
- Large and complex projects accounted for 50% of the total available funding. The Auditor noted that most of the projects in his sample were not shovel-ready at the time of the funding approval, often because the design phase was incomplete. Completing these large projects within the required two years has proved challenging.
- The March 2011 completion deadline forced some grant recipients to pay incentive fees to contractors or trim project specifications to meet the deadline. In one instance, an extra \$620,000 was required to move the completion date up by two months to meet the deadline.

-30-

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